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LENDING

World Bank Aids the Fight to Save Baltic Sea

A World Bank package of environmental projects worth more than $200 million will back international efforts to fight the environmental decline of the Baltic Sea. The program consists of seven projects in the three Baltic states, Poland and Russia for a total amount of $240 million.

Stephen Lintner/World Bank

Pollution solution.

The Bank is preparing the portfolio of projects to support the Baltic Sea Joint Comprehensive Environmental Action Program, an international effort to cleanup and protect the vital waterway.

"The Baltic Sea is an important source of economic activity and recreation for more than 80 million people who live along its coast and within its drainage area," says Stephen Lintner, a senior environmental specialist at the World Bank and its representative to the Program. In addition, the Baltic provides habitat essential for the maintenance of biodiversity. While it was still regarded as environmentally "healthy" as late as 1950, today it and the many people living near it are threatened by the discharge of untreated or inadequately treated municipal and industrial wastewater, and from heavy agricultural run-off.

The overall cost of the Program will be about $1 billion a year over 20 years, shared between all the countries in the Baltic Sea drainage basin. Of the seven Bank projects—two each for Latvia and Lithuania, and one each for Estonia, Poland and the Russian Federation–four have already been approved. The Liepaja Environment Project in Latvia and the Klaipeda Environment Project in Lithuania were approved in November 1994. A Russian housing project was approved in March, and the Haapsalu and Matsalu Bays Environment Project in Estonia was approved in April. The remainder of the projects are expected to go before the Bank's board later this year.

Additional projects to support the Program are being developed, including three large projects in Poland and support for the water and sanitation sector in Russia. A major focus of World Bank -supported projects has been on improvement of municipal water and wastewater services aimed at cost-effective reduction of pollutants discharged into the Baltic or its major rivers. Projects in the Baltic countries also promote integrated coastal zone management and the management of ecologically valuable coastal lagoons and wetlands. And some demonstrate low-cost

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World Bank Countries Work to Clean Up Baltic

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ecological engineering approaches to managing wastewater from rural settlements and activities designed to reduce harmful agricultural run-off.

"The Baltic Sea is naturally vulnerable to pollution because of its semi-closed character and particular hydrography," Lintner says. "And this natural vulnerability has been seriously aggravated by the destruction of its wetlands."

The shallow, narrow Belt Sea and the Sound, which together link it to the North Sea, permit only a slow water exchange. Discharge of inadequately treated municipal wastewater, industrial activity, the use of chemical fertilizers in agriculture, and livestock husbandry now seriously threaten the entire catchment area and the sea itself. But the Baltic Sea's eastern and southern shores, for example, are dominated by long stretches of sandy beach backed by sand dunes mixed with the forests and coastal wetlands vital to a large variety of resident and migratory birds and other wildlife.

Stephen Lintner/World Bank

Baltic beach cleanup.

The Program will focus on 132 "hot spots"– 98 of them located in Russia, Estonia, Latvia, Lithuania, Belarus, Ukraine, Poland, and the Czech Republic.

Components of the Program include enactment of policies, laws and regulations; institutional strengthening and human resource development; various investment activities; management programs for coastal lagoons and wetlands; applied research; and public awareness and environmental education.□

☎For more information *on the Baltic Sea and the World Bank, contact Jan Pakulski at (202)473-1797.*

The International Effort for the Baltic

Fourteen Baltic nations are members of the Joint Comprehensive Environmental Action Program. Nine share the coastline: Sweden, Finland, Russia, Estonia, Latvia, Lithuania, Poland, Germany and Denmark. Five share the drainage basin: Norway, Belarus, Ukraine, Slovak Republic, and Czech Republic. In addition to these countries and the World Bank, other participants in the Joint Comprehensive Environmental Action Program include the European Union, the European Investment Bank, the European Bank for Reconstruction and Development, the Nordic Environment Finance Corporation, the Nordic Investment Bank and the International Baltic Sea Fishery Commission. Non-governmental organizations including the Coalition Clean Baltic, the European Union for Coastal Conservation, the International Council for Local Environmental Initiatives, the Standing Conference of European Universities, the Union of the Baltic Cities and the World Wide Fund for Nature (WWF) are also active.

Education Investments Offer Big Returns for Developing Countries

Developing countries must give a higher priority to education, especially for girls, if they are to continue to reduce poverty in the next century, according to a new broad-ranging report on education. Today, says the report, "education is both more important for economic development and poverty reduction than it used to be, or was understood to be."

The report, *Priorities and Strategies for Education,* calls for six key reforms in education financing and management, with the appropriate priorities depending on each country's circumstances, and a redefinition of government's role:

- Higher priority for education in general
- Greater attention to outcomes
- Focusing public investment on basic education, coupled with more reliance on Household financing for higher education
- Greater attention to equity
- Greater household involvement
- More autonomous institutions

"Change can be achieved," the report says, "by expanding educational opportunities, by building national consensus, by parent and community involvement, and by ensuring that the reforms are carefully designed and include the necessary financial resources and mechanisms."

The study, the Bank's first overall review of education since 1980, notes the success of countries that have invested heavily in basic education for all children, notably in East Asia. It also discusses policy options for developing countries and countries in transition in Europe and Asia, in order to meet future educational challenges.

The report is meant to assist policymakers in developing countries and pledges continued World Bank support for financial and managerial reform of education systems on a country-by-country basis. It also says that the Bank will increase its focus on sector-wide policy and the provision of advice and finance designed to assist governments to develop and implement education policies suitable for the circumstances of their own countries.

UNICEF/Sean Sprague

Lessons learned.

The report documents education's critical role in economic growth and poverty reduction. For most households, well-being is determined by income from labor. However, the productivity of labor is to a large extent determined by people's skills, which are largely a result of schooling.

The main source of differences in living standards among nations, according to the report, is differences in human capital, again, largely the product of schooling.

There are, in particular, four remaining challenges developing countries must overcome:

- **Access**—While 76 percent of all children now start school, the declining primary enrollments in Africa are particularly disturbing.
- **Equity**—is a key concern, involving mainly girls and the poor but also linguistic and ethnic minorities.
- **Quality**—is very poor at all levels in most developing countries, but improving quality is even harder to achieve than access
- **Delays**—in reforming education systems will result in lower growth and more poverty.

Improving access, equity and quality re-

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Lending for Education

The World Bank made its first loan for education in 1963. Since 1980, the total volume of education lending has tripled, and its share in overall Bank lending has doubled. Today, the World Bank is the largest single source of external finance for education in the developing countries, investing over $2 billion in 1994 and $13.7 billion between 1985 and 1994.

Basic education, which now accounts for one-third of the Bank's lending for education, is the most rapidly growing category of education lending.

Lending for education is significant in all regions and girls' education is receiving explicit focus, while ethnic minorities and indigenous people are given increasing attention. The Bank's funds are used less today for buildings and more for educational inputs. The narrow project focus of earlier years has been replaced by a broad sectoral approach.

Education for Girls a Development Priority

EDUCATION, *from page 3*

quires changes to the financing and management of a country's education system, the report says. In times of stagnating social expenditures and excess demand for education, the search for alternative financing methods is imperative. And while public spending on primary education generally favors the poor, public spending on higher education favors the affluent.

But the report also says that there is no such thing as an "appropriate proportion" of GNP or public spending that should be devoted to education. "In many countries, however," it says, "improved education could be achieved with the same or even less public spending, particularly by following the East Asian pattern of focusing public spending on the lower levels of education and of increasing its internal efficiency. Also, some countries that spend very little on education could improve results dramatically simply by increasing public spending."

During the 1980s, real public expenditure per primary student fell in Africa and Latin America. It also fell in Africa at the secondary level, while it fell in all regions at the tertiary level.

Increasingly, pressures on public spending on education require new sources of funds, from increased efficiency, from reallocations from other areas of public expenditure and from private finance.

Priorities and Strategies for Education is synthesizes the findings of three recent Bank studies on education policy in developing coutries:

- *Primary Education* (1990)
- *Vocational Education* (1991)
- *Higher Education: The Lessons of Experience* (1994) □

☎ For more information *on education and the World Bank, contact Klas Bergman at (202) 473-3798.*
☎ For information on ordering Priorities and Strategies for Education, *contact Kari Marble at (202) 458-2484.*

LENDING

Russia To Loosen Urban Transport Gridlock

New Buses and Trams to Ease Crowding, Delays

With 74 percent of its people living in urban areas and few car owners, Russia is more dependent on public transportation than any comparable country.

But its transport fleet—already far too small for the demand—is deteriorating even more as governments can't spare the foreign exchange to buy new buses, trolleys and spare parts. As a result, vehicles are being pushed well beyond their serviceable lives and many transport services have lost up to a third of their operating fleets.

"Public transport is clearly essential to the Russian economy," says Jane Holt, an infrastructure specialist in the Bank's Europe and Central Asia Region. "And the way the sector is structured and financed now, it's just not working well."

Now, under a new $329 million World Bank loan, 14 Russian cities will get help upgrading and restructuring their public transport companies. The project, approved May 16, will finance urgently needed replacement vehicles and spare parts in the target cities, which have agreed to institute needed reforms.

The cities will use the funds to buy more than 1,700 buses and trolleybuses, and to rehabilitate more than 1,500 vehicles already in service. The loan will also finance expert advice on improving urban transport policies throughout the country, as well as on restructuring the domestic bus manufacturing industry.

The importance of public transport to Russia is huge. The systems provide more than 85 percent of all motorized urban trips, compared to 20 percent in Western Europe and just 3 percent in the United States.

As the project helps alleviate the growing shortage of public transport in the 14 target cities, benefits will be felt almost immediately in reduced waiting times and eased crowding.

Each of the selected cities has taken over urban transport responsibilities from its oblast, or regional government. Each has established legally autonomous transit companies and restructured its fare schedule. By raising some fares, eliminating exemptions and cracking down on fare evasion, they will be able to boost revenues enough to free funds to finance new equipment. The cities have also privatized taxi service and opened entry to private transport operators.

The project cities range in population from 116,000 in Velikie Luki to 1.5 million in Nizhni Novgorod. In all, almost 10 million people will benefit from improved public transport under the project. □

☎ For more information *on Russia and the World Bank, contact Jan Pakulski at (202) 473-1797.*

Date	Event	Sponsor	Location	Telephone
MAY				
23	Conference on Middle East/North African Countries	World Bank	Washington	(202)473-2318*
26	Kazakhstan Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
29	Azerbaijan Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
30	Kyrgyz Republic Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
29-31	Latin American Power Industry Summit	AIC Conferences	Santiago	(202)473-1033*
JUNE				
13-14	Ghana Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
15-16	Côte d'Ivoire Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
20-21	Nicaragua Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
22	Guatemala Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
23	El Salvador Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
24	International Informatics Access '95—Global Information Strategy	Singapore Institute of Management	Singapore	(202)473-7230
26-27	Jordan Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

INDONESIA

Indonesia's effort to improve agriculture, which still provides most people there with their livelihoods, has progressed from production targets to increasing farmers' productivity, incomes and welfare. A $63 million World Bank loan approved May 16 backs a key part of that plan: agricultural research. The project will strengthen Indonesia's growing research programs by increasing collaboration with farmers and other researchers, improving R&D management and identifying research priorities. Contact Rachel McColgan-Mohamed at (202) 548-0358.

FYR MACEDONIA

An $85 million IDA credit approved May 16 will help the Former Yugoslav Republic of Macedonia continue its stabilization and structural reform program. The project will provide crucial balance of payment support for the government's planned reforms in its enterprise and banking sectors, along with social safety net programs to protect the most vulnerable people. The project will also help restore the country's creditworthiness by helping to clear some of its debt.

The important social dimensions of FYR Macedonia's reform plan are the focus of a second IDA credit to the country approved May 16. The $14 million credit will help reduce the impact on workers and communities as the country restructures several large public enterprises. It also seeks to increase public understanding of the reform process. The project will work in affected communities to provide services to laid-off workers and to help them find new jobs. And it will help implement a public information campaign, strengthen social services and assist in the restructuring process. Contact Jan Pakulski at (202) 473-1797.

SENEGAL

Senegal's severe and prolonged economic recession has particularly affected its poorest people. For them, food costs may consume 70 percent of their budget, and in urban areas especially nutrition is poor. An $18.2 million IDA credit to Senegal approved May 16 aims to halt the nutritional slide of some of the most vulnerable urban people: young children and pregnant or nursing women. The program will provide supplements through community groups, monitor nutrition, supply potable water in targeted communities and test ways to improve food security in some rural areas. Contact Eric Chinje at (202) 473-4467.

VIET NAM

As Viet Nam continues its transition from a centrally planned to a market economy, it finds itself with an electric power system that is old, inefficient and over-stressed. It must upgrade the system to reduce losses, improve reliability and meet forecast demands. An IDA credit to Viet Nam of $165 million will help finance the government's plans to improve power supply in southern and central parts of the country. The project will help provide new and rehabilitated generation, transmission and distribution equipment as well as agency training for better management and maintenance. Contact Rachel McColgan-Mohamed at (202) 458-0358.

ZAMBIA

Zambia has become increasingly urban. But most city dwellers live in informal settlements in and around urban centers with little access to basic services such as potable water, sanitation systems, health or education. A $33 million IDA credit approved May 16 aims to help Zambia meet the most pressing needs of those urban residents and boost local ability to provide services in the future. The project will help rehabilitate water and sanitation in targeted areas and launch community-based demonstration projects that meet basic needs at affordable prices. It will also provide training and advice to improve agency management and planning. Contact Eric Chinje at (202) 473-4467.

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